

Smartlink US Dollar Managed Fund

July 2017



BLOOMBERG: AZUSMGD:IJ

INVESTMENT OBJECTIVE

The objective of the fund is to provide relatively stable income with capital preservation for the long term in U.S. Dollars.

INVESTMENT STRATEGY

To achieve the investment objective, this fund shall be invested 0-20% in short-term instruments (such as deposits), and 80-100% in the medium-or long-term instruments (such as government bonds, corporate bonds, and / or fixed-income funds), in U.S. Dollars.

PERFORMANCE INDICATOR

Return Performance

Last 1-year Period **1.08%**
 Best Month **9.61%** Dec-08
 Worst Month **-10.66%** Oct-08

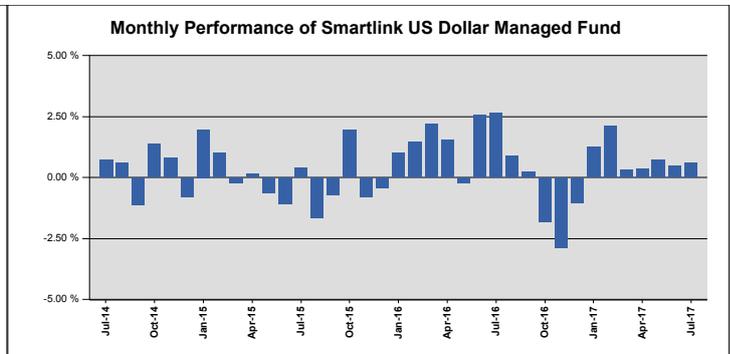
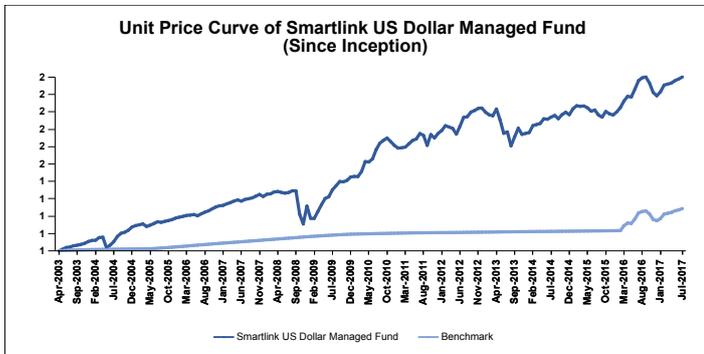
Portfolio Breakdown

| | | | |
|--------------------|---------------|--------|--------------|
| Treasury Bonds | 76.59% | RI0038 | 6.97% |
| Govt. Related Bond | 9.14% | RI0124 | 5.65% |
| Cash/Deposit | 14.27% | RI0126 | 4.27% |
| | | RI0521 | 4.25% |
| | | RI0125 | 4.11% |

Top Five Bonds Holding

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | YTD | Since Inception |
|----------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|-----------------|
| Smartlink US Dollar Managed Fund | 0.61% | 1.84% | 4.64% | 1.08% | 13.68% | 5.96% | 108.80% |
| Benchmark* | 0.70% | 1.96% | 5.23% | 2.16% | 12.76% | 6.41% | 26.40% |

*80% Bloomberg USD Emerging Market Indonesia Sovereign (BEMSID) Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)
 (Benchmark assessment; before Mar 2016: Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)



KEY FUND FACTS

Fund Size (in mio USD) : USD 50.61
Risk Profile : Moderate
Launch Date : 07 Apr 2003
Fund Currency : United States Dollar
Managed by : PT Asuransi Allianz Life Indonesia

Pricing Frequency : Daily
Price per Unit (As of Jul 31, 2017) : USD 1.9836 **Bid** Offer USD 2.0880
Bid-Offer Spread : 5.00%
Management Fee : 1.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Jul 2017 inflation at 0.22% mom (vs consensus 0.19%, 0.69% in Jun 2017). On yearly basis, inflation was higher to +3.88%yoy (vs consensus 3.92%, 4.37% in Jun 2017). Core inflation was printed at +3.05% yoy (vs 3.13% in Jun 2017). Higher inflation was due to seasonally higher food, beverages, cigarettes and tobacco. In the Board of Governors' Meeting on 20 Jul 2017, Bank Indonesia maintained the BI 7-day (Reverse) Repo Rate (BI-7 day RR Rate) at 4.75%, while maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 4.00% and 5.50% respectively. Rupiah appreciated by +0.03% to 13,323/USD at end of Jul 2017 from 13,319/USD in previous month. Trade balance booked a surplus of USD 1.63bn (non-oil and gas surplus USD 1.96bn, oil and gas deficit USD 0.33bn) in Jun 2017. Export down by -11.82% YoY mostly driven by animal fats and vegetable oil, while imports down by -17.21% YoY. Indonesia's foreign reserves increased USD 4.67bn to USD 127.76bn in Jul 2017 from USD 123.09bn in Jun 2017. The increase was primarily attributable to foreign exchange receipts, among other from global bond issuance, tax revenues, government oil and gas export proceeds, as well as auction of Bank Indonesia foreign exchange bills. Indonesia 2Q 2017 GDP unchanged 5.01% yoy, vs consensus 5.08% yoy, and from 5.01% yoy in Q1 2017. From production segment, higher growth reached by information and communication sector at 10.88%. From expense segment, higher growth reached by Consumption Expenditure of Non-Profit Institutions that Serving the Household that grew 8.49%.

USD government bond yields closed lower across the curve in Jul 2017 on the back of persistent buying from both offshore and onshore players which can be seen by high demand in new bond issuance. Positive sentiment came from Yellens's remarks that Fed won't rush to end the era of cheap money. Indonesia's June trade balance results and Fitch's positive outlook affirmation on Indonesia also added positive sentiment. On Jul 18, The Government issued USD 2mn USD Bonds and EUR 1mn EURO Bonds: 10yr and 30yr tenors for USD Bonds with coupon of 3.85% and 4.75%; 7yr for the EURO Bond with coupon of 2.15%. Indonesia's CDS 5yr level was better from 118/121 to 110/112. The 5Y yield Jul 2017 ended -16bps lower to 2.94% (3.10% in Jun 2017), 10yr tenor ended -6bps lower to 3.69% (3.75% in Jun 2017), and 30yr ended -10bps lower to 4.58% (4.68% in Jun 2017).

In regards to our recent portfolio strategy we slightly increase the weighting and duration, and will opportunistically add weight again should there be a correction in the fixed income market.